

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10

IO-13 OIC-02 GSA-02 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15

STR-06 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02

OMB-01 DOE-11 /158 W

-----107325 231409Z /46

R 231159Z JAN 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4661

INFO AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION GENEVA

ALL EC CAPITALS

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ALSO FOR USEC, USMTN, PASS TREASURY

E.O. 11652: N/A

TAGS: ETRD, OVIP, EC, FR

SUBJECT: STEEL TRIGGER PRICE TALKS IN FRANCE

REF: (A) BONN 00932; (B) ROME 1191

1. TREASURY DAS EHRENHAFT, US CUSTOMS AND AMEMBASSY
OFFICERS MET WITH FOREIGN TRADE MINISTRY OFFICIALS
(JEAN-CLAUDE PREVEL, DIRECTOR, MULTILATERAL AFFAIRS
AND HIS ASSOCIATE MARC TESSIER) AND MINISTRY OF INDUSTRY
OFFICIALS (OFFICE DIRECTOR GADONNEIX AND ASSOCIATES
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FROM THE OFFICE RESPONSIBLE FOR STEEL) TO EXPLAIN
U.S. ANTI-DUMPING LAW AND TRIGGER PRICE MECHANISM
AND TO EXPRESS HOPE FOR COOPERATION IN FURNISHING
INFORMATION. PRESENTATION SIMILAR TO THOSE MADE
IN BRUSSELS, BONN AND ROME MADE, AND REACTIONS
RECEIVED WERE SIMILAR TO THOSE REPORTED IN REPORTING
CABLES, WITH ONLY SIGNIFICANT DIFFERENCES:

- (A) BELIEF EXPRESSED THAT U.S. TRIGGER PRICES WERE BASED ON SOMETHING OTHER THAN JAPANESE COST OF PRODUCTION FIGURES.
- (B) APPREHENSION VOICED THAT TRADITIONAL CURRENTS OF STEEL TRADE NOT BE INTERRUPTED.
- (C) DISAPPOINTMENT MENTIONED THAT USG DID NOT DISCUSS TPM WITH GOF BEFORE IMPLEMENTATION.
- (D) CONCERN EXPRESSED THAT TPM DOES NOT ELIMINATE POSSIBILITY U.S. PRODUCERS MAY FILE ANTI-DUMPING COMPLAINTS EVEN IF EXPORTERS SELL ABOVE TRIGGER PRICES -- PARTICULARLY IF EC DOMESTIC PRICES ARE INCREASED. REQUEST THAT SUCH COMPLAINTS WOULD AUTOMATICALLY BE REJECTED BY TREASURY NATURALLY COULD NOT BE ACCEPTED.

2. ECONOMIC AND COMMERCIAL OFFICERS OF AMEMBASSY PARIS, ECON OFFICERS FROM LUXEMBOURG AND STOCKHOLM AND LONDON CUSTOMS ATTACHE ALSO BRIEFED ON TPM PROGRAM AND SPECIFIC IMPLEMENTATION QUESTIONS. EMBASSY OFFICIALS NOTE CONCERN ABOUT NUMEROUS REQUESTS FROM SEVERAL USG AGENCIES FOR INFO FROM FRENCH COMPANIES IN LIGHT GOF ATTITUDES ABOUT "EXTRATERRITORIAL" REACH OF U.S. LAWS.

3. ON JAN. 21, DAS EHRENHAFT MET WITH THE DIRECTOR GENERAL OF THE FRENCH STEEL INSTITUTE AND SENIOR LIMITED OFFICIAL USE

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REPRESENTATIVES OF THE TWO LARGEST FRENCH STEEL GROUPS TO DISCUSS THE TPM. IN QUESTIONING FOLLOWING THE PRESENTATION THE INDUSTRY REPRESENTATIVES DEMONSTRATED A GENERAL COMPREHENSION OF THE SYSTEM AND ITS AIMS. HOWEVER, THEY EXPRESSED CONCERN ON SEVERAL ITEMS:
-- THE RESULT WITHIN THE MECHANISM OF THEIR ALIGNMENT ON ACTUAL AMERICAN PRICES WHICH WERE BELOW THE TRIGGER PRICE.

-- THE SINGLE TRIGGER PRICE OF SHEETS AND BAND WHICH THEY CLAIM ARE DIFFERENT ITEMS AND WHICH THEREFORE SHOULD HAVE DIFFERENT PRICES.

-- THE HIGH TRIGGER PRICES IN THE GREAT LAKES REGION CONTINUE TO PRESENT A PROBLEM DESPITE A COMPREHENSION OF THE BASIS FOR THESE PRICES. SIGNIFICANTLY THE DIFFERENCE BETWEEN THE TRANSPORTATION COSTS PRESENTED IN THE COWPS STEEL STUDY OF OCTOBER AND THOSE USED IN TRIGGER PRICE CALCULATIONS PRESENTED A QUANDARY.

-- NO COMMITMENT WAS MADE CONCERNING OUR POTENTIAL REQUEST FOR AGGREGATE PRICE AND COST INFORMATION.

4. THIS CABLE WAS DRAFTED BY DAS EHRENHAFT.
HARTMAN

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